

Message Text

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PAGE 01 STATE 255617

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FM SECSTATE WASHDC

TO AMEMBASSY TEL AVIV

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E.O. 11652: N/A

TAGS; APUB, IS

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO ISRAEL

FOR YOUR INFORMATION ONLY: FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT
BANK RELEASE ON THE DIRECT CREDIT OF \$2,750,000 TO THE INDUSTRIAL
DEVELOPMENT BANK OF ISRAEL (IDBI). RELEASE IS SCHEDULED FOR ANNOUNCEMENT

HERE IN WASHINGTON, D.C. FOR PAPERS AFTER 2:00 P.M. FRIDAY, OCTOBER
31, 1975.

QUOTE: EXIMBANK CREDIT OF \$2,750,000 SUPPORTS \$6.1 MILLION SALE
OF U.S. EQUIPMENT FOR POLYETHYLENE PLANT IN ISRAEL

TO HELP FINANCE A \$6,110,000 SALE OF U.S. EQUIPMENT FOR A POLYETHYLENE

PLANT IN ISRAEL, THE EXPORT -IMPORT BANK OF THE UNITED STATES HAS
AUTHORPZED A DIRECT CREDIT OF \$2,750,000 TO THE INDUSTRIAL DEVELOPMENT
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PAGE 02 STATE 255617

BANK OF ISRAEL (IDBI). IDBI IS A GOVERNMENT AGENCY ESTABLISHED IN 1957

TO ASSIST IN FINANCING THE DEVELOPMENT OF THE ISRAELI ECONOMY.

PURCHASES WILL BE MADE BY ISRAEL PETROCHEMICAL ENTERPRISES LTD., WHICH IS PLANNING AN EXPANSION OF THEIR 38,000 METRIC TONS/ANNUUM LOW DENSITY POLYETHYLENE PLANT AT HAIFA, WITH THE ADDITION OF A NEW UNIT CAPABLE OF PRODUCING AN ADDITIONAL 60,000 METRIC TONS PER YEAR. IT WILL BE A SINGLE TRAIN, CONTINUOUS, HIGH-PRESSURE POLYMERIZATION PLANT WHICH CONVERTS ETHYLENE GAS TO GRANULAR POLYETHYLENE.

PRODUCTS AND SERVICES FROM THE U.S. WILL INCLUDE MIXERS, FILTERS, EXTRUDERS, PUMPS, FANS, BLOWERS, REFRIGERATION EQUIPMENT, DRYERS, PIPING, INSTRUMENTS, MOTORS AND ELECTRICAL SWITCH GEAR, PACKAGING EQUIPMENT, ENGINEERING AND SUPERVISION. U.S. SUPPLIERS HAVE NOT YET BEEN SELECTED.

EXIMBANK'S CREDIT REPRESENTS APPROXIMATELY 45 PERCENT OF THE TOTAL U.S.

COSTS. A CREDIT OF \$2,749,000 FROM PRIVATE SOURCES NOT YET DESIGNATED WILL FINANCE APPROXIMATELY 45 PERCENT OF THE U.S. COSTS OF WHICH \$1,833,000 WILL BE COVERED BY EXIMBANK'S FINANCIAL GUARANTEE. THE BORROWER WILL MAKE CASH PAYMENT OF 10 PERCENT, REPRESENTING THE BALANCE OF THE U.S.

COSTS.

EXIMBANK'S INTEREST RATE OF 8 PERCENT PER ANNUM, BASED ON A PRELIMINARY

COMMITMENT AUTHORIZED EARLIER THIS YEAR, COMBINED WITH THE INTEREST RATE FROM PRIVATE SOURCES WILL RESULT IN AN ESTIMATED ANNUAL INTEREST COST TO THE BORROWER OF 8.9 PERCENT TO 9.15 PERCENT.

REPAYMENT OF THE LOANS IS TO BE MADE IN 20 SEMIANNUAL INSTALLMENTS BEGINNING JUNE 30, 1978, WITH EXIMBANK'S CREDIT TO BE REPAYED OUT OF THE

LAST 10 INSTALLMENTS. REPAYMENT OF EXIMBANK'S LOAN AND THAT PORTION OF

THE PRIVATE LOAN GUARANTEED BY EXIMBANK WILL BE GUARANTEED BY THE STATE
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PAGE 03 STATE 255617

OF ISRAEL. UNQUOTE.
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